

## Department of the Treasury - FY 1999 Program Performance Report

## Explanation of Graphs and Data Sources

Fig.	Title	Explanation / Source	Page
1	Unified Budget Surplus/ Deficit	<p><b>Explanation:</b> Consolidated totals are presented, which include the sum of on-budget and off-budget amounts.</p> <p><b>Source:</b> <u>Economic Report of the President</u>. February 2000.</p>	7
2	Social Security Trust Funds	<p><b>Explanation:</b> Estimated assets of the combined OASI and DI Trust Funds in current dollars (intermediate assumptions). Estimates for later years are not shown because the combined OASI and DI Trust Funds are estimated to become exhausted in 2034 under the intermediate assumptions.</p> <p><b>Source:</b> <u>1999 Old-Age, Survivors, and Disability Insurance (OASDI) Trustees Report</u>.</p>	8
3	U.S. Savings Rate	<p><b>Explanation:</b> The personal savings rate is measured by the difference between disposable income and consumer outlays, as a percentage of disposable income.</p> <p><b>Source:</b> Bureau of Economic Analysis, U.S. Department of Commerce. <u>Economic Report of the President</u>. February 1999.</p>	10
4	U.S. Pension Plan Participation	<p><b>Explanation:</b> Defined benefit plans are traditional employer provided pension plans. In defined contribution plans employees contribute a portion of earnings to the plan and have choices in investment management.</p> <p><b>Source:</b> Pension and Welfare Benefits Administration, U.S. Department of Labor. (Number of workers taken from Employment and Earnings, Bureau of Labor Statistics, U.S. Department of Labor. The number of workers in primary and supplemental plans are estimates derived from annual Form 5500 reports filed with the Internal Revenue Service.)</p>	10

Fig.	Title	Explanation / Source	Page
5	<b>Home Loans Extended to Low-and-Moderate Income Families</b>	<p><b>Explanation:</b> This data presents the numbers of home loans extended to those with income less than 80% of MSA median. The MSA median is median family income of the metropolitan statistical area in which the property related to the loan is located.</p> <p><b>Source:</b> Federal Financial Institutions Examination Council Press Release, July 29, 1999.</p>	12
6	<b>Accidental Explosions</b>	<p><b>Explanation:</b> This data represents the number of accidental explosions in the explosives industry (fireworks factories, explosive manufacturers, etc).</p> <p><b>Source:</b> The Arson and Explosives National Repository (AEXIS) provides statistical fire and explosive information based on data collected from the Bureau of Alcohol, Tobacco and Firearms, the Federal Bureau of Investigation, and the United States Fire Administration.</p>	22
7	<b>Real GDP Growth Developing Nations</b>	<p><b>Explanation:</b> Represents the percent change from the previous calendar year in real Gross Domestic Product (GDP) of developing and transitional countries.</p> <p><b>Source:</b> <u>World Economic Outlook Report</u>. International Monetary Fund.</p>	24
8	<b>Real GDP Growth Transitional Nations</b>	<p><b>Explanation:</b> Represents world economic growth measured by the percent change from the previous calendar year in global Gross Domestic Product (GDP).</p> <p><b>Source:</b> <u>World Economic Outlook Report</u>. International Monetary Fund.</p>	24
9	<b>Unmet U.S. Commitments (Arrears) to Multilateral Development Banks</b>	<p><b>Explanation:</b> Shows the remaining unpaid commitments or overdue amounts the U.S. owes the Multilateral Development Banks, such as the World Bank.</p> <p><b>Source:</b> Office of the Undersecretary for International Affairs, U.S. Department of the Treasury.</p>	28
10	<b>Real Global GDP Growth</b>	<p><b>Explanation:</b> Represents world economic growth measured by the percent change from the previous calendar year in global Gross Domestic Product (GDP).</p> <p><b>Source:</b> World Economic Outlook Report, International Monetary Fund.</p>	31

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Fig.	Title	Explanation / Source	Page
11	<b>Value of U.S. Imports and Exports</b>	<p><b>Explanation:</b> The figure represents the total amount of goods and services imported and exported, into and out of the United States.</p> <p><b>Source:</b> Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce. Compiled from official statistics of the U.S. Department of Commerce.</p>	33
12	<b>Compliance Rates: Merchandise Imports</b>	<p><b>Explanation:</b> Data represents the U.S. Customs Service estimated rate of compliance with U.S. trade laws for goods (merchandise) imported into the U.S. These estimates are based on intensive examination of random samples of merchandise entering the U.S.</p> <p><b>Source:</b> The Compliance Measurement (CM) is a statistical survey of import transactions designed to collect objective compliance and related information. For each fiscal year, a stratified random sample of import transactions is taken from the universe of all import transactions to the United States. The CM universe consists of two separate segments of import transactions: those transactions submitted to Customs through the Automated Commercial System (ACS) and those transactions submitted through Line Release.</p>	33
13	<b>U.S. Direct Investment Abroad and Foreign Investments in U.S.</b>	<p><b>Explanation:</b> Direct investments, rather than portfolio or stock investments, are those in which an individual or business buys or holds over 10 percent of the equity in a firm.</p> <p><b>Source:</b> Bureau of Economic Analysis, U.S. Department of Commerce.</p>	39
14	<b>U.S. Customs Revenue Compliance Rate</b>	<p><b>Explanation:</b> The percent of the total import revenue due to Customs that is actually collected.</p> <p><b>Source:</b> The Total Net Underpayment (i.e., Revenue Gap) was estimated from a compliance measurement sample based on the information on changes in duty, fee, and tax payments collected during CM examinations and reviews. The Customs operation provides Total Payment of duties, fees and taxes for Consumption entries. The Revenue Collection Compliance Rate was calculated in terms of the Total Net Underpayment as percentage of the Sum of Total Payment and Total Net Underpayment.</p>	48

Fig.	Title	Explanation / Source	Page
15	<b>Electronic Filing of Tax Returns</b>	<p><b>Explanation:</b> The percent shown in the graph is determined as the number of electronically filed individual tax returns divided by the total returns filed. Included in the calculation are all returns where electronic filing is permitted (practitioner <i>e-file</i>, TeleFile, VITA [Volunteer Income Tax Assistance], On-Line Filing, Federal/State returns, etc.).</p> <p><b>Source:</b> IRS MISTLE (Management Information System for Top Level Executives) based on <i>e-file</i> Report 1541 and information from the 308 Reports.</p>	66
16	<b>Refund Timeliness E-File vs. Paper</b>	<p><b>Explanation:</b> The percentage of refunds for paper filed returns processed is the percent processed in less than 40 days. Percentage of refunds for electronically filed returns processed is the percent processed in less than 21 days. Both percentages are based on random samples.</p> <p><b>Source: (E-File data)</b> IRS Generalized Main Frame (GMF) 1501 runs with calculations from the IRS ELF Cumulative Refund Measures Data Report portion of the Submission Processing Action 24 Project Report. Page PAM-12.</p> <p><b>(Paper data)</b> IRS Generalized Main Frame (GMF) 16 tape (run 1645) from the Service Centers and manual review of a random sample of actual paper refund returns.</p>	66
17	<b>Processing Accuracy E-File vs. Paper</b>	<p><b>Explanation:</b> For E-File Returns, the graph shows the percent of electronically filed returns that are processed accurately. For Paper Returns, the graph shows the percentage of returns processed without code and edit and transcription errors for entry into the Individual Master File, other than those that are due a refund, have a credit elect, are even balance, or are partially paid.</p> <p><b>Source: (E-File data)</b> IRS <i>e-file</i> Reports ELF 2, 3, 4, 5, and 15 and the Error Resolution System (ERS). Once the total e-file count has been established and verified, the returns pass into routine processing streams where error rates are determined by ERS.</p> <p><b>(Paper data)</b> IRS ERS 96 Report. At the National Office, the data is inserted into an Access database for data compilation.</p>	66

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Fig.	Title	Explanation / Source	Page
18	<b>Federal Non-Tax Delinquent Debt</b>	<p><b>Explanation:</b> This chart is a reflection of the total debt each fiscal year that is delinquent (over 180 days old) and the total delinquent non-tax debt that accumulates after collections. This information is gathered from federal agencies that refer this debt to Treasury for collection.</p> <p><b>Source:</b> The DCIA Performance Summary Report, published monthly. These data are gathered from FMS' many accounting systems that serve to show the ways that FMS collects delinquent debt. Also, creditor agency reports (federal agencies who refer delinquent debt) showing the amount of delinquent debt that is eligible for collection. These reports from agencies are published in the "Treasury Report on Receivables."</p>	74
19	<b>Payments by Check and EFT</b>	<p><b>Explanation:</b> This chart shows the trends in Electronic Funds Transfer (EFT) payments and check payments over the past several years.</p> <p><b>Source:</b> Financial Management Service's Production Reporting System (PRS) captures this data.</p>	78
20	<b>Unqualified Audit Opinions for the 24 CFO Agencies</b>	<p><b>Explanation:</b> This chart shows the number of clean audit opinions received by the 24 CFO Act agencies each year.</p> <p><b>Source:</b> The June, 1999 "Federal Financial Management Status Report and Five-Year Plan," published by the Office of Management and Budget with audit results reported through GAO.</p>	84
21	<b>BEP Productivity</b>	<p><b>Explanation:</b> The productivity index measures operational output as compared to personnel resource input, to arrive at the number of units produced per workyear. The number of units produced per workyear is compared to the previous year. The change (increase/decrease) in productivity from the prior year is expressed as a percentage.</p> <p><b>Source:</b> Production output data is collected through BEP's product accountability system. Work-year data is collected from payroll reports generated by the Department of Agriculture's National Finance Center. Productivity measures are also reported in BEP's CFO Annual Report.</p>	93

Fig.	Title	Explanation / Source	Page
22	U.S. Mint Productivity	<p><b>Explanation:</b> Productivity is measured as number of clad coins produced per payroll dollar.</p> <p><b>Source:</b> U.S. Mint internal accounting records. Production and payroll reports are maintained on file at the U.S. Mint.</p>	93
23	Counterfeit Dollars in Circulation	<p><b>Explanation:</b> Figure shows the proportion of counterfeit currency relative to the amount of genuine U.S. Currency in circulation. <i>Counterfeit Passed per Million Dollars of Genuine U.S. Currency</i> is calculated by dividing the dollar value of counterfeit notes passed on the public by the dollar value of genuine currency in circulation, multiplied by \$1 million.</p> <p><b>Source:</b> Estimate of actual legitimate currency in circulation obtained from <u>U.S. Currency and Coins Outstanding and in Circulation Report</u> provided on monthly basis from the Financial Management Service. Counterfeit dollars in circulation derived from notes passed on the public and obtained during the conduct of an investigation as well as notes identified by the Federal Reserve.</p>	99 and 112
24	Value of Monetary Instruments Seized by Customs	<p><b>Explanation:</b> Value of all forms of monetary instruments seized within the territorial jurisdiction of the United States by or with the participation of Customs officers.</p> <p><b>Source:</b> This data is captured directly from automated on-line reports in the Treasury Enforcement Communications Systems (TECS). These reports are compiled on the basis of seizure information entered into TECS. The seizure reports are completed by Customs officers and reviewed/approved by their supervisors. Periodically, seizure data is reviewed by Customs analysts for anomalies.</p>	104
25	Percentage of U.S. Population Using Illegal Drugs	<p><b>Explanation:</b> Any illicit drug use indicates use, at least once, of marijuana/hashish, cocaine (including crack), inhalants, hallucinogens (including PCP and LSD), heroin, or any prescription-type psychotherapeutic used non-medically.</p> <p><b>Source:</b> 1998 National Household Survey on Drug Abuse. (A survey on illicit drug use.) Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services.</p>	115

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26	<b>Customs Targeting Efficiency</b>	<p><b>Explanation:</b> An estimate of how efficiently Customs selects air passengers and vehicles for inspection. A comparison of the number of violations found during targeted selective examinations to a random sample.</p> <p><b>Source:</b> This measure is collected as part of the Compliance Measurement program that is based on a statistically valid examination of a random sample of air passengers and vehicles. Category 1 and Category 2 violations are recorded in the Treasury Enforcement Communications System (TECS) database and collected at the time of input of seizure and arrest reports. This information compared to the detection of violations as a result of random selection measures the targeting efficiency. The data elements are collected through the TECS, Advance Passenger Information System (APIS) and the Measurement Data Entry System and they are presented in the Operation Management Report Data Warehouse.</p>	115
27	<b>Convictions Against Members of Drug Smuggling Organizations</b>	<p><b>Explanation:</b> Actual convictions against members of drug smuggling organizations.</p> <p><b>Source:</b> Organized Crime Drug Enforcement Executive Office, Criminal Division, U.S. Department of Justice.</p>	121
28	<b>Violent Crimes Committed in U.S.</b>	<p><b>Explanation:</b> For the report, violent crime is defined as murder and non-negligent manslaughter, forcible rape, robbery and aggravated assault.</p> <p><b>Source:</b> <u>1998 Uniform Crime Report</u>. Federal Bureau of Investigation, U.S. Department of Justice.</p>	125
29	<b>Crimes Committed with Firearms in U.S.</b>	<p><b>Explanation:</b> This reports the number of murders, robberies, and aggravated assaults in which firearms were used.</p> <p><b>Source:</b> Bureau of Justice Statistics, U.S. Department of Justice.</p>	125

Fig.	Title	Explanation / Source	Page
30	Suspected Arsons in U.S.	<p><b>Explanation:</b> This represents the number of fires that the Bureau of Alcohol, Tobacco and Firearms has been asked to investigate where evidence was found that suggests the fire was deliberately set.</p> <p><b>Source:</b> The Arson and Explosives National Repository (AEXIS) provides statistical fire and explosive information based on data collected from the Bureau of Alcohol, Tobacco and Firearms, the Federal Bureau of Investigation, and the United States Fire Administration</p>	128
31	Explosives Incidents in U.S.	<p><b>Explanation:</b> This represents the number of actual and attempted bombings, accidental explosions, recovered explosives and theft of explosives.</p> <p><b>Source:</b> The Arson and Explosives National Repository (AEXIS) provides statistical fire and explosive information based on data collected from the Bureau of Alcohol, Tobacco and Firearms, the Federal Bureau of Investigation, and the United States Fire Administration.</p>	128
32	Terrorist Incidents in U.S.	<p><b>Explanation:</b> A terrorist incident is a violent act or an act dangerous to human life in violation of the criminal laws of the U.S. intended to intimidate or coerce a government, the civilian population, or any segment thereof.</p> <p><b>Source:</b> <u>Report on Terrorism in the United States</u>. Counterterrorism Threat Assessment and Warning Unit, Counterterrorism Division, Federal Bureau of Investigations, U.S. Department of Justice.</p>	129
33	Terrorist Incidents Prevented in U.S.	<p><b>Explanation:</b> A terrorism prevention is a documented instance in which a violent act by a known or suspected terrorist group or individual with the means and a proven propensity for violence is successfully interdicted through investigative activity.</p> <p><b>Source:</b> <u>Report on Terrorism in the United States</u>. Counterterrorism Threat Assessment and Warning Unit, Counterterrorism Division, Federal Bureau of Investigations, U.S. Department of Justice.</p>	129
34	Students Trained at the FLETC	<p><b>Explanation:</b> The data is captured by the Student Information System, which is an automated registration system.</p> <p><b>Source:</b> The Federal Law Enforcement Training Center</p>	137



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Fig.	Title	Explanation / Source	Page
35	<b>New Hire Education Level</b>	<p><b>Explanation:</b> These data reflect, by fiscal year, the new hires across all Treasury bureaus that possessed at the time of hire at least one college degree at the bachelor's level or master's or above level, expressed as a percentage of all new hires.</p> <p><b>Source:</b> Treasury Integrate Management Information System (Personnel Database)</p>	142
36	<b>Losses of "Outstanding" Employees</b>	<p><b>Explanation:</b> These data reflect, by fiscal year, the losses across all Treasury bureaus of personnel that were rated as "outstanding" (or equivalent) for their last performance appraisal of record, expressed as a percentage of all losses.</p> <p><b>Source:</b> Treasury Integrate Management Information System (Personnel Database)</p>	142
37	<b>Percentage of Performance Targets Met and/or Exceeding Prior Year Levels</b>	<p><b>Explanation:</b> These data reflect, by fiscal year and for all Treasury bureaus, the performance targets in Treasury's performance plans that were either met or exceeded for the target year, or, if not met, exceeded the prior year's performance levels, expressed as a percentage of all performance targets.</p> <p><b>Source:</b> Treasury Integrate Management Information System (Personnel Database)</p>	145
38	<b>Material Weaknesses Outstanding</b>	<p><b>Explanation:</b> These data reflect, by fiscal year and for all Treasury bureaus, the number of material weaknesses remaining to be corrected as of the end of the fiscal year. Material weaknesses are significant problems with an organization's systems' reliability; controls on waste, fraud or abuse; mission performance; and/or compliance with laws and regulations.</p> <p><b>Source:</b> Treasury's Office of Accounting and Internal Control</p>	152
39	<b>Procurement Timeliness Index</b>	<p><b>Explanation:</b> Procurement's customers were surveyed to determine their degree of satisfaction with the procurement process in delivering supplies or services on time to meet the needs of the agency. The customers were also requested to provide the degree of their satisfaction with the acquisition planning process and with on-going communications between the customer and procurement staffs throughout the procurement cycle. These key measures of the survey were analyzed and indexed on a 0 to 1,000 range, with 1,000 being the best score.</p> <p><b>Source:</b> Performance Measurement Assessment Tool (PMAT) database.</p>	157

Fig.	Title	Explanation / Source	Page
40	Procurement Quality Index	<p><b>Explanation:</b> Procurement's customers were surveyed to assess whether or not the procurement system provides quality supplies and services. The key measures of the survey were analyzed and indexed on a 0 to 1,000 range.</p> <p><b>Source:</b> Performance Measurement Assessment Tool (PMAT) database.</p>	157
41	Procurement-Influenced Cost Savings	<p><b>Explanation:</b> This measures savings / cost avoidance on procurement actions through the deliberate efforts of acquisition personnel. The Bureau Chief Procurement Officers provided this information to Treasury as part of a self-assessment survey that they completed. From that data, a ratio of dollars saved to procurement dollars spent was developed. The key measures were analyzed and are reported as cents saved per dollar spent.</p> <p><b>Source:</b> Performance Measurement Assessment Tool (PMAT) database.</p>	157
42	Competition in Contracting	<p><b>Explanation:</b> It is Treasury policy that all supplies and services be acquired using full and open competition. Successful implementation of this policy is the shared responsibility of all involved in an acquisition action. The data reflects the amount of full and open competition received on Treasury actions as compared to the total procurement dollars spent.</p> <p><b>Source:</b> Federal and Treasury Procurement Data Systems.</p>	158
43	Minority Representation Treasury vs. Civilian Labor Force (1990)	<p><b>Explanation:</b> This data presents the percentage of minorities (defined as Black, Hispanic, Asian American/Pacific Islander, American Indian/Alaskan Native) that are represented in the total Treasury workforce as compared to those represented in the total civilian workforce (from 1990 data).</p> <p><b>Source:</b> Treasury data is compiled by the Treasury Integrated Management Information Systems office. Civilian workforce data is obtained from the Department of Labor, Bureau of Labor Statistics. The most recent civilian labor force data is based on the 1990 census.</p>	160

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Fig.	Title	Explanation / Source	Page
44	<b>Minority Representation Total vs. GS 13/15 and SES</b>	<p><b>Explanation:</b> This data presents the percentage of minorities represented in the total Treasury workforce, represented in the total number of senior staff at GS-13-15 grades, and represented in the total number of Senior Executive Service personnel at Treasury.</p> <p><b>Source:</b> Data is compiled by the Treasury Integrated Management Information Systems office.</p>	160
45	<b>Minority Representation Percent of Total vs. Promotion Rates</b>	<p><b>Explanation:</b> This data presents the promotion rate percentage for minorities at Treasury compared to the promotion rates of minorities at Treasury.</p> <p><b>Source:</b> Treasury data is compiled by the Treasury Integrated Management Information Systems office.</p>	160
46	<b>Mint Refunds and Replacements Processed Timely</b>	<p><b>Explanation:</b> Data expresses the US Mint's timeliness in processing refunds and replacements to customers of numismatic and bullion coinage products.</p> <p><b>Source:</b> U.S. Mint internal records.</p>	163

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## Measures with No FY 1999 Targets Established

The following measures were included in Treasury's FY 1999 Performance Plan, but for various reasons did not have targets established. They are presented here for reference purposes.

<b><i>Community Development Financial Institutions Fund Performance Goal: Establish a grant program for technical assistance for microenterprise development organizations and microentrepreneurs</i></b>	<b>FY 1998 Actuals</b>	<b>FY 1999 Plan</b>	<b>FY 1999 Actuals</b>
<b>Establishment of a Program (Program for Investment in Micro-entrepreneurs, or PRIME) to Provide Technical Assistance for Microenterprise Development Organizations and Microentrepreneurs</b>	--	TBD	*
* An FY 1999 target was not establish since the program was under Congressional consideration at the time. Final Congressional action did not include funding for PRIME.			
<b><i>Customs Service Performance Goal: Maximize trade compliance through a balanced program of informed compliance, targeted enforcement actions, and the facilitation of complying cargo.</i></b>	<b>FY 1998 Actuals</b>	<b>FY 1999 Plan</b>	<b>FY 1999 Actuals</b>
<b>Accuracy of Key Trade Statistics</b>	New Baseline Under Development	TBD	*
<b>Explanation of Measure:</b> Using compliance measurement results, certain key trade statistics will be monitored to determine their accuracy for trade policy use and general dissemination to the public.  * Reliable data was not available to establish a target during FY 1999.			
<b>Customer Satisfaction Rating – Trade</b>	New Baseline Under Development	TBD	*
<b>Explanation of Measure:</b> This measure has three components, 1) the American Association of Exporters and Importers survey; 2) a national and port account survey; and 3) an evaluation of the National Customs Automation Program prototype.  * Reliable data was not available to establish a target during FY 1999. This measure is being further refined.			

## Appendix B

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<i><b>Customs Service Performance Goal:</b> Maximize trade compliance through a balanced program of informed compliance, targeted enforcement actions, and the facilitation of complying cargo.</i>	<b>FY 1998 Actuals</b>	<b>FY 1999 Plan</b>	<b>FY 1999 Actuals</b>
<b>Per Unit Cost of Trade Compliance</b>	New Baseline Under Development	TBD	N/A
<p><b>Explanation of Measure:</b> The direct and indirect cost of trade compliance divided by the number of entry summaries processed in a fiscal year.</p> <p>* Reliable data was not available to establish a target during FY 1999.</p>			

  

<i><b>Customs Service Performance Goal:</b> Identify, disrupt, and dismantle the systems and criminal organizations that launder the proceeds generated by smuggling, trade fraud, and export violations.</i>	<b>FY 1998 Actuals</b>	<b>FY 1999 Plan</b>	<b>FY 1999 Actuals</b>
<b>Costs for Criminal Organizations to Launder Money</b>	--	TBD	*
<p><b>Explanation of Measure:</b> The monetary costs incurred by criminal enterprises to facilitate the process of laundering their illicit proceeds. Studies have shown that those who launder money respond to increased risk of apprehension and seizure by raising commissions or changing methods.</p> <p>* Preliminary data is being obtained from several different sources. More analysis is required.</p>			

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## SUMMARY FINDINGS OF RELEVANT PROGRAM EVALUATIONS

Program evaluations are a valuable component of effective strategic management. By definition, program evaluations cover assessments, through objective measurement and systematic analysis, of the manner and extent to which programs achieve intended objectives. In addition, program evaluations encompass assessment of program implementation processes and operating policies and practices when the primary concern is about implementation rather than program outcomes.

Treasury accomplishes program evaluations through a variety of sources:

- Reviews conducted by the General Accounting Office (GAO);
- Reviews and audits performed by Treasury's Office of the Inspector General (OIG) and the Treasury Inspector General for Tax Administration (TIGTA); and,
- Internal reviews conducted by individual Treasury bureaus and program offices.

Significant program evaluations performed during FY 1999 that relate to the progress toward Treasury strategic objectives are presented below. They are listed in order of strategic objective.

Treasury Objective	Program Evaluation / Audit	Findings
Improve and Modernize the U.S. Financial System	OCC's Supervision of National Banks' Year 2000 Compliance Efforts <i>OIG-CA-99-001; OIG-CA-006</i>	This Office of the Comptroller of the Currency (OCC) report covers OCC's Y2K readiness examinations through June 30, 1998. The report notes that OCC's initial Y2K supervisory efforts were proceeding on schedule and largely in line with the Federal Financial Institutions Examinations Council's (FFIEC) Y2K examination guidance. The OIG report, to assist OCC in its oversight and preparedness, suggested: (1) the need to formally identify those banks and systems presenting the greatest Y2K risks to the banking system; and (2) that OCC consider developing component Y2K ratings to underline the FFIEC's overall evaluation rating.
Facilitate Legitimate Trade, Enhance Access to Foreign Markets and Enforce Trade Agreements	Customs Service Modernization <i>GAO/AIMD-99-41</i>	The audit noted that Customs was not managing the Automated Commercial Environment (ACE) program effectively, and it did not have a firm basis for concluding that ACE is a cost-effective solution to modernizing its commercial environment. As a result Customs made several changes to the program: (1) they began partnering with a prime contractor to map an incremental development plan for ACE and employ software engineering rigor and discipline; and (2) they began taking a modular approach with each module having an associated Cost Benefit Analysis.

## Appendix C

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Treasury Objective	Program Evaluation / Audit	Findings
Increase Compliance with Tax and Trade Laws	Tax Administration: IRS's 1998 Tax Filing Season. <i>GAO/GGD-99-21</i>	Internal Revenue Service (IRS) indicators show that IRS generally met or exceeded its performance goals for the 1998 tax filing season. Millions of taxpayers used the services provided by IRS' walk-in sites, but the agency lacked meaningful nationwide data for assessing the sites' performance. Because of problems with IRS's new system for processing returns and remittances, IRS has decided to revise the system's implementation schedule and its contingency plan for 1999. There is concern about the potential impact of the revised schedule on the 2000 filing season and the absence of a contingency plan for 2000, when current systems will no longer work. According to IRS and GAO analysis, the increase in electronic filing partially resulted from a decision by the largest nationwide return preparation company to include electronic filing in its basic return preparation fee, and a change in IRS's procedures that made more persons eligible to use TeleFile in 1998.
	IRS Employee Evaluations: Opportunities to Better Balance Customer Service and Compliance Objectives <i>GAO/GGD-00-1 (Evaluation conducted during FY 1999)</i>	The employee evaluation process is not aligned with IRS' new mission statement in that it emphasizes revenue production more than customer service. Consequently, IRS could better utilize opportunities within the evaluation process to reinforce the importance of customer service among its frontline enforcement employees. IRS has implemented a number of initiatives to promote customer service including the revision of strategic goals in alignment with its mission statement, and introducing organizational performance measures aimed at balancing customer satisfaction, employee satisfaction, and business results. IRS has taken several interim actions to encourage enforcement employees to be more taxpayer oriented.
	The IRS Can Improve Customer Service By Accelerating Refund Payments <i>TIGTA Ref. No. 093903</i>	Overall, the IRS is achieving higher levels of customer-driven service in accordance with Congressional and NPR initiatives, and Executive Orders, but increased emphasis on those initiatives can assist in transforming the IRS into a more customer-driven agency. The IRS aggressively implemented the Government Performance and Results Act of 1993 strategic planning requirements, but it should evaluate how the Strategic Plan and Budget can be more integrated with the National Performance Review direction for customer-driven strategic planning.

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Treasury Objective	Program Evaluation / Audit	Findings
Increase Compliance with Tax and Trade Laws, Continued	The IRS Needs To Improve Treatment Of Taxpayers During Office Audits <i>TIGTA Ref. No. 093602</i>	In the last several years, the IRS has migrated away from the traditional Discriminate Index Function (DIF) system for selecting individual returns for audit, primarily through the Midwest Automated Compliance System (MACS). This can increase IRS's risk that tax return information could be misused. The risk of selectively targeting taxpayers for examination and exposing the personal and financial data of millions of taxpayers to browsing and improper disclosure could be easier managed by centralizing the MACS sites. A better separation of duties could be achieved between the IRS employees responsible for identifying potential MACS returns for audit and the employees responsible for conducting the examination. The audit also found that although IRS has established procedures to protect taxpayers during audits, examples were found of what TIGTA consider to be improper taxpayer treatment during the initiation and closing of office audits. IRS needs to strengthen specific controls and procedures for Initiating and closing audits.
	Program Evaluation: Problem Solving Days <i>IRS, Office of Program Evaluation and Risk Analysis</i>	This evaluation assessed program efficiency and effectiveness and recommended ways to make program decisions better informed. The report presented a new case sheet to capture relevant data for future program assessment and assisted in the orderly transition of the program from the Tax Payer Advocate to Operations.
	Program Evaluation: Customer Satisfaction Surveys – Utilization <i>IRS, Office of Program Evaluation and Risk Analysis</i>	This evaluation provided information and analysis on the use of the customer satisfaction survey results by 11 IRS functions and four pilot offices. It was instrumental in assessing the IRS customer satisfaction program and future investment in measuring customer satisfaction.
	Customs Service Mitigation of Penalties <i>OIG-99-007</i>	The OIG audited the Customs Penalties program and found that during FY 1997 there were significant control weaknesses. The audit revealed that there were no automated billing or operational reports for over one year. As a result, penalty collection, program management, and the corresponding internal controls were adversely affected. The OIG recommended that Customs issue the outstanding bills, generate the needed reports, and require better procedures for the approval of new systems.
	ATF Controls Over Tax Free Exports <i>OIG-99-123</i>	The OIG found that certain management controls over the tax-free exports of distilled spirits needed greater attention. The audit recommended that Bureau of Alcohol, Tobacco and Firearms (ATF) clarify external and internal guidelines and identify ways to automate the export review process and increase the use of third party verifications.



## Appendix C

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Treasury Objective	Program Evaluation / Audit	Findings
Modernize IRS Information Technology to Increase Timeliness and Accuracy of Processing	<p>Tax Systems Modernization: Results of Review of IRS's Initial Expenditure Plan <i>GAO/AIMD/GGD-99-206</i></p> <p>Evaluation Of The Service's Efforts To Acquire A New FFRDC (Federally Funded Research and Development Center) <i>TIGTA Ref. No. 091502</i></p> <p>Follow-Up Audit of the Treasury Department's Oversight of Internal Revenue Service's Tax Systems Modernization Program <i>OIG-99-012</i></p>	<p>GAO assessed IRS's initial expenditure plan as an appropriate first step toward modernization, which satisfies the conditions that Congress placed on the use of Information Technology Investments Account (ITIA) funds. The plan provides additional blueprint specificity, the definition of selected system design specifications, and a revised framework for sequencing the introduction of the new technology needed to achieve target system architecture over the next 3 to 5 years.</p> <p>At the time of the review, IRS was soliciting a PRIME contractor to assist with its modernization efforts and another Federally Funded Research and Development Center (FFRDC) contractor to manage the overall efforts. TIGTA determined additional emphasis was needed to define the interrelated roles and responsibilities of the various contractors and ensure all contractors remain free from potential conflicts of interest. It recommended that IRS clearly define the responsibilities of all contractors involved in the modernization efforts, as well as the interdependencies between the various contracts. It also recommended that procurement personnel should periodically validate the contractors effectiveness in maintaining its freedom from organizational conflicts of interest, including a review of the other agencies or organizations which utilize the contractor.</p> <p>Opportunities do exist for the Department to strengthen its role on IRS Tax Systems Modernization (TSM). One opportunity for improvement would be to focus in a central point the collection of documentation regarding the activities and accomplishments of the IRS Management Board (IRSMB). Also oversight could be strengthened by forming an IRSMB subcommittee comprised of technical advisers with information technology expertise, or by providing current staff of the Information Policy and Management Office with the training and resources necessary to better equip them for handling oversight of the TSM program.</p>
Ensure All Federal Payments Are Accurate and Timely	Status of FMS' Implementation of Electronic Funds Transfer (EFT) <i>OIG-99-075</i>	The FMS did not fully implement the EFT requirement of the Debt Collection Improvement Act of 1996 (DCIA) by the mandated due date. While EFT payment rates increased from 58 percent in Fiscal Year 1996 to 68 percent in Fiscal Year 1998, not including tax payments, EFT rates may have been further increased if FMS and the Department had published EFT guidance more timely. While the OIG did not make any recommendations, FMS set more realistic performance measures regarding electronic funds transfer implementation because the DCIA requirements were overly optimistic.

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<p>Ensure that the Government's Cash Management Minimizes Risk and Provides Immediate Flow and Balance Information</p>	<p>Internal Controls: FMS's Monitoring of Lockbox Bank Operations Needs Improvement <i>GAO/AIMD-99-219</i></p> <p>FMS Adequately Processed CMIA Interest Liabilities But Questions Remain <i>OIG-99-027</i></p>	<p>GAO found that FMS needs to improve its monitoring of lockbox bank operations to ensure that federal collections are adequately safeguarded and properly processed. GAO found weaknesses in FMS's monitoring of lockbox operations related to on-site reviews and lockbox bank audits. GAO recommended that FMS ensure periodic on-site reviews of general lockbox banks; require banks to obtain semiannual internal and biannual external audits; develop and provide bank specific guidance; enforce the requirement for banks to obtain internal and external audits; and develop a policy to obtain and review audit results.</p> <p>An OIG audit of FMS's administration of cash Management Improvement Act of 1990 (CMIA) found that FMS conducted an effective exchange of interest liabilities in FY 1996. However, FMS could provide only limited assurance that state-calculated interest liabilities were accurate. The OIG's report recommended that; (1) FMS perform independent assessments of individual Federal program agencies' CMIA program performance and compliance; (2) improve data analysis to identify Federal program agencies and/or states that may not be practicing good cash management; and (3) obtain and review Single Audit Act reports to gain a better understanding of problems encountered in state administration of CMIA regulations.</p>
<p>Provide Accurate and Timely Financial Information and Support the Government-Wide Implementation of Accounting Standards</p>	<p>Report on the Department of the Treasury's FY 1998 Financial Statements. <i>OIG-99-054</i></p>	<p>The OIG found that (1) the IRS was unable to prepare reliable statements of net cost, changes in net position, budgetary resources, and financing, and could not support material amounts reported on its balance sheet; (2) Electronic Data Processing general controls need to be strengthened at certain component entities; (3) continued improvement in FMS financial management is needed; (4) financial management at the Departmental Offices (DO) needed improvement; (5) financial management weaknesses were noted in several Treasury Department component entities; (6) results of the audit tests disclosed several instances where the Department was not in substantial compliance with the provisions of Federal Financial Management Improvement Act. The OIG recommended that Treasury ensure that appropriate corrective action plans be developed and implemented to correct these weaknesses.</p>

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Finance the Federal Government in the Most Cost-Effective Manner over the Long Term	Transfer Fee Revenue Has Been Insufficient to Recover the Cost of Trading Treasury Securities <i>OIG-99-025</i>	An OIG audit of the Bureau of the Public Debt's (BPD) fees for transferring Treasury Securities found that the fees were insufficient to recover BPD's costs. The OIG reviewed the costs and revenue for transferring the securities between Calendar Years 1995 and 1997. The OIG recommended that BPD develop a break-even analysis that estimates when BPD will recover the difference between the revenue and costs. Following this analysis, the OIG recommended that BPD implement a strategy to ensure that its costs are recovered. He OIG further recommended that BPD work with the Federal Reserve to reduce program costs for providing on-line and off-line transfer services and to reassess the funds movement fee to ensure it adequately represents the cost of providing this service.
Strengthen the Capability to Fight Money Laundering	United States Department of Treasury Audit of Bank Secrecy Act (BSA) Reporting <i>OIG-99-081</i>	The OIG found that the Currency or Monetary Instrument Report (CMIR) does not conform to the requirements of the BSA regulations. The instructions on the CMIR form have not been updated to reflect the revised requirement that all money orders and certain traveler's checks over \$10,000 are reportable instruments. As a result, the outdated form provides the opportunity to use certain traveler's checks and money orders to transport narcotics proceeds into and out of the country. The OIG recommended the Under Secretary for Enforcement ensure the CMIR form be revised to reflect the current and pending regulations to include traveler's checks, money orders and foreign bank drafts as reportable monetary instruments under the BSA.
	U.S. Customs Service – Audit of Customs' Money Laundering Initiatives <i>OIG-99-102</i>	The OIG audit objective was to determine if Customs was using all resources available in its fight against money laundering. The audit found that Customs can expand its intelligence capabilities to better support the organization's strategic money laundering initiatives. It was recommended that Customs: (1) make more and better use of the Bank Secrecy Act (BSA) information and of the Financial Crimes Enforcement Network (FinCEN); (2) increase coordination between investigators and inspectors; (3) expand access to BSA information and investigative activities for selected inspectors and others with the need-to-know; and, (4) improve reporting of the BSA information.

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Treasury Objective	Program Evaluation / Audit	Findings
Strengthen the Capability to Interdict Illegal Drugs	INS and Customs Can Do More to Prevent Drug-Related Employee Corruption (GAO Audit, <i>GAO-99-31</i> )	The corruption of Immigration and Naturalization Service (INS) and Customs Service employees along the Southwest border by drug traffickers is a serious and continuing threat. Both INS and Customs have policies and procedures to help ensure the integrity of their employees. However, neither agency is taking full advantage of its policies or GAO recommended that the Secretary of the Treasury require Customs to: (1) evaluate the effectiveness of integrity assurance efforts, including training, background investigations, and reinvestigations; (2) comply with policies that require employment reinvestigations to be completed when they are due; (3) document that policies and procedures were reviewed to identify internal control weaknesses, in cases where a Customs employee is determined to have engaged in drug related criminal activities; and (4) fully review financial disclosure statements, which employees are required to provide as part of the background investigation or reinvestigation process, to identify financial issues such as employees who appear to be living beyond their means. Treasury and Customs generally concurred with the recommendations.
Disrupt and Dismantle Drug Smuggling Organizations	<p>Use of High Intensity Drug Trafficking Area (HIDTA) Funds by the United States Secret Service <i>OIG-99-015</i></p> <p>Audit of ATF's HIDTA Program at the Puerto Rico and Miami <i>OIG-99-092</i></p>	<p>The Anti-Drug Abuse Act of 1988 established the HIDTA Program. The OIG recommended that Secret Service Headquarters officials take a more active role in the oversight of the HIDTA Program; ensure the Office of National Drug Control Policy policies and guidance regarding the use of HIDTA funds be provided to each office; and ensure that program and agency support personnel, as appropriate, receive training on the use of HIDTA funds and the requirements relating to HIDTA equipment.</p> <p>The OIG found that the Puerto Rico and Miami HDTAs did not always adhere to program guidelines and that accounting and management controls need strengthening. The OIG recommended that ATF ensure that: 1) HIDTA program officials receive complete guidance and training; 2) ONDECP and agency procedures for ordering, receiving and controlling HIDTA equipment are followed; 3) HIDTA program officials have complete access to budget information and account balances; 4) all accounting controls at the local level are strengthened; and, 5) similar problems are not occurring at other HIDTA sites.</p>

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Disrupt and Dismantle Drug Smuggling Organizations, Continued	Audit of U.S. Customs Service's Controls Over HIDTA Funds <i>OIG-99-094</i>	An audit by the OIG found that Customs HIDTA funds were being used for non-HIDTA activities. It was recommended that Customs: (1) ensure there is adequate separation of duties with regard to the accounting, report, and reviewing of HIDTA expenditures; (2) ensure HIDTA funding sources and uses for HIDTA purchases are adequately documented and reported (3) ensure Customs personnel are adequately trained and supervised in Customs' processes and procedures over funds; and (4) ensure compliance with operating procedures for the budgeting, purchasing, expending, and monitoring processes. Customs concurred with the findings and recommendations.
Deny Criminals Access to Firearms and Reduce the Risk of Violent Crime in our Communities	<p>ATF's Registration and Record-keeping of the National Firearms Registration and Transfer Records <i>OIG-99-009</i></p> <p>ATF's Administration of National Firearms Registration and Transfer Record <i>OIG-99-018</i></p> <p>ATF Needs to Ensure that the Accomplishments of the Achilles Program are Accurately Reported <i>OIG-99-086</i></p>	<p>The National Firearms Act (NFA), which was enacted in 1934, requires that the Secretary of the Treasury maintain a central registry of all NFA firearms in the US that are not in the possession of or under the control of the US. The first review did not substantiate any allegations of ATF mismanagement, misconduct, and improper record-keeping of the registry.</p> <p>The second review found that overall, ATF could strengthen its administration of the registry by: (1) determining the extent to which the registry lists weapons in possession of persons who are likely deceased; (2) improving its processing of checks, forms, and other correspondence; and (3) improving reference to examination or research reports which support ATF's decisions on weapon classifications.</p> <p>An OIG audit found that ATF enforcement data does not accurately reflect the accomplishments of the agency's Achilles program. The Achilles program focuses ATF's limited investigative resources on removing dangerous armed career criminals and drug traffickers from the streets. The OIG audit found that ATF enforcement data did not accurately reflect the accomplishments of the program due to under reporting. OIG recommended that ATF implement policies and procedures that reconcile and certify Achilles data on a quarterly basis, documentation be prepared and maintained supporting Achilles-related performance measures, and internal reviews be conducted to determine if the new policies and procedures are being effectively implemented.</p>

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Strengthen Treasury's Ability to Ensure Proper and Effective Oversight of Bureau Operations	Unliquidated Obligations Reviews <i>OIG-99-129; OIG-99-131; OIG-99-132; and OIG-99-133</i>	The OIG found that the Community Development Financial Institutions Fund and the United States Secret Service had established and were following procedures for conducting annual reviews of unliquidated obligations. No findings or recommendations were noted. The OIG did find that, while the Federal Law Enforcement Training Center (FLETC) and Departmental Offices had established policies and procedures for conducting semiannual reviews of unliquidated obligations, both entities did not properly identify all amounts that should have been liquidated. OIG recommend that the FLETC ensure a thorough review of unliquidated obligations is performed to appropriately determine the validity of obligations in accordance with the U.S. Code.
Make Wise Information Technology Investments and Ensure Year 2000 Compliance	Treasury's Year 2000 Compliance Effort Several OIG reports <i>OIG-99-020; OIG-99-021; OIG-99-022; OIG-99-023; OIG-99-024; OIG-99-026; OIG-99-029; OIG-99-036; OIG-99-038; OIG-99-058; OIG-99-110; OIG-99-114; OIG-CA-99-007; and OIG-CA-99-008</i>	The OIG conducted evaluations of the Year 2000 conversion efforts in many Treasury bureaus and offices. Many reports did not make any recommendations. The recommendations that were made included having Office of the Comptroller of the Currency and Office of Thrift Supervision examiners ensure that: (1) information products provided to the public were complete; (2) that certification processes, business and continuity plans were developed; and (3) sufficient authority and responsibility were assigned to oversee cross functional compliance efforts.

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Treasury Objective	Program Evaluation / Audit	Findings
<p>Make Wise Information Technology Investments and Ensure Year 2000 Compliance, Continued</p>	<p>Customs Service Modernization: Ineffective Software Development Processes Increase Customs System Development Risks (GAO Audit, <i>GAO/AIMD-99-35</i>), Continued</p>	<p>GAO evaluated how effectively three of Customs software projects implemented five of the six level 2 Key Process Areas (KPA). To attain a level 2 (repeatable maturity rating), Customs would have to effectively implement all of the key practices for all five relevant KPAs. GAO found that while Customs had some strengths it had too many weaknesses to satisfy any of the level 2 KPAs. In summary, of the total number of KPA practices rated, 35 percent constituted strengths, 61 percent were weaknesses, and 4 percent were observations. An observation indicates that the evidence was inconclusive and did not clearly support a determination of either strength or weakness. To reach the repeatable level of maturity, Customs must eliminate the key practice weaknesses identified in the report. GAO recommended that the Commissioner of Customs direct the Customs Chief Information Officer to: (1) assign responsibility and authority for software process improvement; (2) develop and implement a formal plan for software development process improvement that is based on the software capability evaluation results contained in this report and specifies measurable goals and time frames, prioritizes initiatives, estimates resource requirements (trained staff and funding), and defines a process improvement management structure; (3) ensure that every new software development effort in Customs adopts processes that satisfy at least the Software Capability Maturity Model (SW-CMM) level 2 requirements; and (4) ensure that process improvement activities are initiated for all ongoing essential software maintenance projects. Customs it agreed with GAO's overall findings, including that Customs' software development processes have not attained SW-CMM level 2 maturity.</p>
<p>Continue to Reinvent and Modernize Operations to Achieve Efficiencies</p>	<p>Treasury Communications System Automated Information System Security Program <i>OIG-99-039</i></p>	<p>Overall, the OIG found that Treasury's Corporate Systems Management had not fully implemented an automated information system security program for the Treasury Communications System as required by OMB Circular No. A-130.</p>

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Continue to Reinvent and Modernize Operations to Achieve Efficiencies	Office of Inspector General Administration of Department of the Treasury Contract Audits <i>OIG-99-CA-010</i>	For Potential Monetary Benefits and Inventory, Tracking and Closure (ITC) System OIG should: (1) draw a sample of contract audit recommendations and perform an in-depth analysis to determine causes for disparity between potential and actual monetary benefits, along with solutions for reducing the difference; and (2) conduct an analysis to determine whether contract audit recommendations should be included in ITC System or be tracked by some other method. <u>For accuracy of ITC System Data</u> OIG should ensure that bureaus are not prematurely closing contract audits in ITC System before Price Negotiation Memorandums to the OIG and actual monetary benefits are entered into ITC system. <u>For Audit Follow-up Proactive Approaches</u> OIG could institute a customer satisfaction questionnaire, to be completed by the contracting officer, rating the auditor's responsiveness and the value of the audit report itself, and providing an opportunity for the contracting officer to state specific disagreements.

Treasury and its bureaus plan to continue to improve efforts to internally conduct program evaluations and to benefit from the evaluations performed by the OIG, TIGTA, and GAO.